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room for casual loafers, and a waiting-room for couples to be married. It is also a remarkable fact, that no public library of New York City has a complete collection of the printed public documents. This case is typical, regarding the care taken of public records in our cities, and it is a state of affairs much to be regretted. Without them the administrative and economic history of our municipalities cannot be written and yet such a history is urgently desired by all those who are interested in municipal reform. We need such a history as the basis for a science of municipal government ; we need it in order to get an appreciation of the continuity in municipal affairs, without which the same mistakes will be committed over and over again ; we need it to sound the depth of our municipal corruption, the cause of which is mainly of an economic nature. It is certainly high time that energetic efforts should be made to make a complete collection of this material and insure its careful preservation.

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THE POSITIVE THEORY OF CAPITAL. By EUGEN BÖHM-BAWERK.
Translated, with a preface and analysis, by WILLIAM SMART, M. A.
Pp. 428, London : Macmillan & Co. 1891.

It will be remembered that, in his "Capital and Interest" (reviewed in the *ANNALS* for October, 1890), Prof. Böhm-Bawerk constantly emphasizes the fact that the problem of interest is a problem of surplus value, as distinct from a mere surplus of products resulting from the use of capital. It is, consequently, not to be solved by a consideration of production alone, but is rather a problem of distribution, or, more strictly speaking, a part of the general problem of value—value, according to the Austrian view, depending upon utility and not being conferred by production. From this standpoint he passes in review and finds wanting the various explanations as to the cause of interest which have hitherto been given, most important among them being the

"productivity" theory, the "use" theory, the "abstinence" theory, and the "exploitation" theory. The increased productive power resulting from the use of capital can explain only the production of a surplus of commodities, not the production of surplus value, because, since the value of an instrument is determined by the value of that which it yields (by its utility), why should not the purchase price of capital rise to the value of the products obtainable by its use? To this question, says Böhm-Bawerk, the productivity theory can offer no answer. The use theory is untenable, because the economic content of a commodity is nothing else than the sum of its uses. It is the sum of all these uses which we purchase when we purchase the commodity; if any use, present or future, is reserved by the seller, the purchase price is diminished. There cannot be, then, another separate and additional use which could serve as the basis of interest, which is an additional payment over and above the purchase price. The abstinence theory, although it contains a core of truth, is inadequate as a piece of accurate scientific analysis. It conceives of abstinence as a continuous sacrifice, additional to the sacrifice incurred at the time of the production of the capital commodity, extending through the whole period until recompense is received, whereas, in fact, there is no such continuous sacrifice. The exploitation theory is chargeable with two fundamental errors, in regarding products, economically considered, as the result of labor alone, and in translating the claim that the laborer should receive the full value of the commodity which he produces, into the claim that he should, immediately on the application of his labor, receive, not the present value of the unfinished product, but the full future value of the finished product.

In the *Positive Theory of Capital*, Böhm-Bawerk sets before us his own explanation in great detail. The volume is divided into seven books, treating respectively of the nature and conception of capital; capital as an instrument of production; value; price, present and future; the source of inter-

est ; and the rate of interest. It will be seen that the discussion covers much more than the problem of interest. As, however, the solution of this problem is the purpose of the work, we must, from lack of space, confine ourselves to a consideration of his argument on this point. At the start he points out two conceptions of capital—as a source of income, and as a tool of production or social capital, the latter comprising all those intermediate products which are of use, not for present gratification but for further production. The important point to notice is that the production of capital involves a sacrifice of the present to the future, and that its use implies a roundabout method of production, necessitating a lengthening of the productive process. In his theory of value, our author, as a member of the Austrian School, regards marginal utility as the determining element in value. Bearing in mind these conceptions of capital and value, we come to the consideration of the question immediately in hand. The essence of a loan, according to Böhm-Bawerk, is an exchange of present against future goods, consequently the problem of interest is nothing else than the problem of the relative value (utility) of present and future goods. On examination we find that there are many reasons why present goods have, and probably always must have a higher value or utility than future goods, to the great majority of mankind. One cause for this is difference in provision for the present and future wants, as in cases of present distress, or, as in the case of those who are starting in life and look forward to a more abundant income in the future. True a person may be better provided for in the present than he expects to be in the future, but present goods can be preserved for future use and are in the meantime available to meet any emergency ; hence, even in this case they have a slight superiority. A second cause of this superiority of present goods is underestimation of the future, due to lack of power in the imagination and the will, and the uncertainty of life. The third, and most permanent and effective cause of this superiority, is the technical advantage of present goods, re-

sulting from the fact that the possession of present goods enables us to adopt longer and more productive processes, *i. e.*, capitalistic processes of production. Present goods, therefore, place us in a position to obtain a more than equal quantity of future goods, and are, consequently, equivalent to a more than equal quantity of such goods. This technical advantage must endure and be a cause of the superiority of present goods so long as capitalistic processes of production remain profitable and there are those who wish to employ such processes. Interest is nothing else than the *agio* in favor of present goods as against future goods, a result of the higher value (utility) of the former, due to the causes just mentioned. That the difference in value of present and future goods is the cause of interest, is clearly seen in the case of loans. Though less clear, it is none the less true, in the case of interest which forms a part of the profit of the capitalist undertaker, since what he does is to purchase intermediate and unfinished goods, *i. e.*, future goods, and to pay for them in present, and consequently more valuable, goods. The interest which he receives is nothing else than the difference in the value of the future goods which he purchases and the value of these same goods when they have become present goods.

Two questions naturally suggest themselves. First: Is Prof. Böhm-Bawerk's analysis correct? It would seem that in the main the answer must certainly be in the affirmative; but to the second question—in what relation does this new analysis stand to previous theories? the answer is not so clear. Our author, it seems to me, has emphasized the difference between his predecessors and himself more than the facts justify him in doing. He has made a more accurate and thorough analysis, but it is difficult to see how the new theory is, in principle, anything else than a re-statement of the abstinence and productivity theories, with the substitution of the preference for present over future goods for abstinence and the technical superiority of present goods for the productivity of capital.

In so far as the re-statement does differ from the older theories in their best form, it is at least doubtful whether, notwithstanding his clear and careful analysis, Prof. Böhm-Bawerk, by making the problem of interest simply a problem of value and maintaining that the productivity of capital (technical superiority of present goods) can be a cause or condition of interest only as it determines our preference for present goods, has not contributed to confusion rather than to clearness of thought. Certainly, in dealing with interest we are dealing with a surplus of products rather than with a mere surplus of value, and the fundamental condition of natural interest is this surplus of products due to the increased efficiency conferred by capital. The problem of natural interest is, therefore, primarily a problem of production. The reason why the owners, as distinct from the users of capital, are enabled to secure a portion of this surplus for themselves is a question of distribution, and is explained by the preference for present over future goods. To absorb the problem of production in the problem of distribution or value, as Prof. Böhm-Bawerk has done, seems to me an error, an error which springs from the theory of value which the author holds in common with the Austrian school, and from the unguarded use of abstraction to which the school is sometimes liable.

A full review of the work would require an account of the many valuable discussions which it contains on points not bearing directly on the causes of interest but on the problems of distribution, or of general economic theory, as well as on the rate of interest, and the relation of the doctrine here set forth to the socialistic attacks on interest. The discussion of the conception and function of capital is remarkably clear and logical, and perhaps it is not too much to say, not second in importance even to the discussion of interest. As a whole, the work is a splendid piece of economic analysis which not only makes an important positive contribution to the theory of capital interest, but, by its clearness of reasoning and statement, helps us to recast in more accurate form that por-

tion of the truth contributed by earlier thinkers. As in the case of the preceding volume, the translation is excellent, and the value of the work is greatly increased by the full analytical table which precedes it.

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THE GENESIS OF THE UNITED STATES.—A narrative of the movement in England, 1605-1616, which resulted in the plantation of North America by Englishmen, disclosing the contest between England and Spain for the possession of the soil now occupied by the United States of America ; set forth through a series of historical manuscripts, now first printed, together with a re-issue of rare contemporaneous Tracts, accompanied by bibliographical memoranda, notes, and brief biographies, collected, arranged, and edited by ALEXANDER BROWN, with 100 portraits, maps, and plans. 2 vols. Pp. xxxviii, 1157. Boston : Houghton, Mifflin & Co., 1890.

The above formidable title makes a claim and arouses an expectation which at once attract the interest of every careful student of American history. When we learn further that the work is the result of fourteen years' research, and when we see the minute pains spent upon all the details, when we open the two massive volumes and observe the variety of valuable material, a natural sense of gratitude arises toward the scholar who has completed so vast an undertaking, and placed his results at the service of his countrymen. The expectation is heightened by the author's own summary of his task (p. xiii) :

"To make the work as complete a history as is now possible of the movement in England. . . . To give the narrative with the evidence, and the actors therein, with their lives and portraits."

How far does the result sustain the presumption in the author's favor?

In execution the work leaves almost nothing to be desired. More sumptuous volumes have seldom issued from any American press. The beautiful plates and maps make them works of art, albeit their connection with the text is no-